## Message Text

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**ACTION EUR-25** 

INFO OCT-01 ISO-00 IO-13 SS-15 NSC-10 CIAE-00 PM-07 INR-10

L-03 NEA-10 NSAE-00 PA-03 RSC-01 PRS-01 SPC-03

USIA-15 TRSE-00 MBFR-04 SAJ-01 OMB-01 ACDA-19 COA-02

EURE-00 DRC-01 /145 W

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P 191225Z SEP 73

FM AMEMBASSY REYKJAVIK

TO SECSTATE WASHDC PRIORITY 3972

INFO AMEMBASSY BONN

AMEMBASSY COPENHAGEN

AMEMBASSY LONDON PRIORITY

AMEMBASSY PARIS

AMEMBASSY OSLO

USMISSION NATO PRIORITY

CINCLANT PRIORITY

COMICEDEFOR PRIORITY

DEFENSE PRIORITY

C O N F I D E N T I A L SECTION 1 OF 2 REYKJAVIK 1104

E.O. 11652: GDS

TAGS: MARR IC NATO

SUBJECT: IDF RETENTION ISSUE: LUNS VISIT TO ICELAND

REF: REYKJAVIK 1100

- 1. BEGIN SUMMARY. LUNS MISSION TO ICELAND SEPT. 16-18
  CANNOT BE CONSIDERED SUCCESSFUL. LUNS DEPARTED APPREHENSIVE
  ABOUT IDF RETENTION IN ABSENCE OF UK FISHERIES DISPUTE
  RESOLUTION. HE PUT BLAME ON BRITISH FOR INTRANSIGENCE. END
  SUMMARY.
- 2. DURING OFFICIAL GOI DINNER HIS HONOR SEPT. 17, NATO SECGEN LUNS CALLED ME ASIDE AND EXPRESSED ABOVE CONCERN. HE SAID HE WAS "COMPLETELY FED UP" WITH BRITISH INTRANSI-CONFIDENTIAL

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GENCE WHICH HE SAID WILL DRIVE ICELAND OUT OF NATO AND IS

MAKING IDF RETENTION DIFFICULT, IF NOT IMPOSSIBLE. HE THEN ASKED BRITISH AMBASSADOR MCKENZIE TO JOIN US AND HE EXPRESSED TO HIM THE SAME CONCERN. HE TOLD US THAT RESENTMENT AGAINST NATO AND IDF AMONG GOI OFFICIALS AND ICELANDIC PUBLIC IS DEEP AND EXTENSIVE AND GREATER THAN HE HAD REALIZED. HE REMARKED IT WAS QUITE CLEAR TO HIM THAT UNLESS THE FISHERIES DISPUTE WITH UK IS RESOLVED SOON, CONTINUED MEMBERSHIP OF ICELAND IN NATO IS JEOPARDIZED, AS IS RETENTION OF IDF. HE FEARED THAT GOI MIGHT BARGAIN AWAY THE IDF AS A SOP TO COMMUNISTS IN ORDER ICELAND REMAIN IN NATO ON ASSUMPTION NATO WOULD HAVE NO CHOICE BUT TO DEFEND ICELAND IN WARTIME GIVEN ITS STRATEGIC GEOGRAPHIC POSITION. HE SAID LOSS OF IDF IS UNTHINKABLE AND HENCE HE WOULD HAVE TO RENEW HIS PERSONAL EFFORTS TO RESOLVE FISHERIES DISPUTE.

3. LUNS FURTHER REMARKED HIS RECEPTION BY GOI MINISTERS WAS BITTER AND ABRASIVE, ESPECIALLY BY COMMUNIST MAGNUS KJARTANSSON WHO APPEARED TO BE THE SPOKESMAN FOR THE GROUP OF MINISTERS ON DEFENSE ISSUES, OR AT LEAST DID MOST OF THE TALKING WITHOUT CONTRADICTION BY OTHER MINISTERS. ALTHOUGH FONMIN AGUSTSSON A FEW TIMES TRIED MEEKLY TO PLAY A MODERATING ROLE, UN-SUCCESSFULLY, LUNS SAID PRIMIN JOHANNESSON KEPT WAVING HIS LITTLE FINGER IN LUNS' FACE AND KEPT SAYING THAT IF LUNS WANTED TO BE HELPFUL HE SHOULD ENCOURAGE USG TO FORCE THE BRITISH OUT OF THE 50-MILE LIMIT. PRIMIN CLAIMED (AS HE HAS TO SOME OF US BEFORE) THAT ALL USG HAS TO DO IS WAVE ITS LITTLE FINGER AND THE MATTER WOULD BE SATISFACTORILY RESOLVED. LUNS TRIED TO DISABUSE PRIMIN OF THIS NOTION, PRIMIN MADE STRONG AND BITTER CRITICISM OF NATO FOR INACTION. LUNS TRIED TO EXPLAIN NATO PRINCIPLE OF UNANIMITY, REMARKING THIS PRINCIPLE WORKS IN FAVOR OF THE SMALLER NATIONS. HE ASKED PRIMIN WHETHER ICE-LAND WOULD OBEY A DIRECTIVE FROM NATO IF MAJORITY FELT ICELAND WAS IN THE WRONG, BUT RECEIVED NO RESPONSE TO THIS QUESTION. PRIMIN ACCUSED BRITISH IOF "FAKED AGGRESSION." LUNS RESPONDED BY DENYING BRITISH ACTIVITY COULD BE DEFINED BY ANY REGIONAL OR INTERNATIONAL FORUM AS "AGGRESSION." LUNS SAID PRIMIN COMPLETELY OBSESSED WITH FISHERIES DISPUTE AND NO ARGUMENTS COULD DISUADE HIM FROM RELATING DEFENSE ISSUES TO FISHERIES DISPUTE

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4. LUNS SAID KJARTANSSON LIMITED HIS COMMENTS GENERALLY TO DEFENSE ISSUES. HE WAS PARTICULARLY RUDE AND ARGUMENTATIVE. KJARTANSSON TOLD HIM IDF ISSUE WAS SETTLED TWO YEARS AGO WHEN THE COALITION GOVT WAS FORMED AND NATO'S ROLE WAS MERELY PROCEDURAL TO START THE 18 MONTHS PERIOD FOR THE IDF WITHDRAWAL. HE LOOKED UPON LUNS AS ONLY A MESSENGER TO DELIVER A "MEANINGLESS REPORT WHICH ANYONE COULD HAVE WRITTEN." HE SAID QUESTION WAS NOT WHETHER IDF LEAVES; THE QUESTION IS WHEN. HE THEN

WENT INTO A DIATRIBE AGAINST MILITARY ESTABLISHMENTS IN GENERAL AND MILITARY ALLIANCES. WHEN LUNS ARGUED THE NEED FOR NOT WEAKENING NATO DURING EFFORTS TO SEEK DETENTE, KJARTANSSON ARGUED THAT FRANCE LEFT NATO WITHOUT WEAKENING NATO AND ICELAND'S WITHDRAWAL WOULD HAVE SIMILAR EFFECT. HE ARGUED THAT FRANCE ENHANCED ITS POSITION POLITICALLY AND ECONOMICALLY BY LEAVING NATO AND ICELAND SHOULD FOLLOW FRANCE'S EXAMPLE.

LUNS POINTED OUT FRANCE STILL VERY MUCH IN NATO, THAT FRANCE'S MILITARY ABSENCE FROM NATO UNIFIED FORCES STILL FELT BY NATO, BUT FRANCE'S MILITARY FORCE, HOWEVER, IS SYMMETRICAL WITH NATO WHICH WILL FACILITATE UNIFIED APPROACH WHEN REQUIRED. HE ALSO POINTED OUT FRANCE HAD TO INCREASE ITS MILITARY EXPENDITURES WHEN IT WITHDREW ITS FORCES FROM NATO AND THAT FRENCH MILITARY EXPENDITURES HIGHEST PER CAPITA IN EUROPE. HE ALSO REMINDED KJARTANSSON THAT FRANCE IS ADVOCATE OF A STRONG NATO.

5. LUNS ASKED MCKENZIE TO ADVISE LONDON THAT AS LONG AS ROYAL NAVY REMAINS IN 50-MILE LIMIT IT WILL STRENGTHEN HAND OF COMMUNISTS IN ICELAND. HE ASKED MCKENZIE TO CONVINCE LONDON THAT CONTINUED PRESENCE OF FRIGATES JEOPARDIZING DEFENSE OF NAORTH ATLANTIC. MCKENZIE DISAGREED, SAYING GOI WAS BLUFFING AND THAT IS THE EVALUATION HE HAS BEEN SENDING TO HIS FOREIGN OFFICE. LUNS AND I DISAGREED WITH MCKENZIE'S EVALUATION. I REMARKED THAT WITHOUT COMMENTING ON THE MERITS OF THE FISHERIES DIS-PUTE, I COULD NOT AGREE THE SITUATION WAS ONLY A BLUFF. I CITED OUR MANY RELIABLE SOURCES, AND AMONG OTHER SIGNS, I POINTED OUT THAT PROPONENTS OF THE BASE ARE NOW AFRAID TO SPEAK UP FOR US AND MEMBERS OF PARLIAMENT HAVE WARNED US THAT IT MAY BE POLITICALLY UNFEASIBLE FOR THEM TO VOTE FOR IDF RETENTION IF FRIGATES ARE STILL IN THE WATERS AT CHIRSTMAS TIME WHEN THE SIX MONTHS ARTICLE VII PERIOD EXPIRES, LUNS AND CONFIDENTIAL

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I REMARKED THAT ALTHOUGH IT IS NOT LOGICAL TO ASSOCIATE FISHERES DISPUTE WITH DEFENSE ISSUES WE NEVERTHELESS CANNOT OVERLOOK THE FACT THAT GOI OFFICIALS AND THE PUBLIC ARE DOING IT. WE WOULD BE DELUDING OURSELVES NOT TO TAKE NOTICE OF THIS IN ASSESSING IDF NEGOTIATION PROBABILITIES. IRVING

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INFO OCT-01 ISO-00 EURE-00 SS-15 NSC-10 CIAE-00 PM-07

INR-10 L-03 NEA-10 NSAE-00 PA-03 RSC-01 PRS-01 SPC-03

USIA-15 TRSE-00 MBFR-04 SAJ-01 COA-02 EB-11 COME-00

INT-08 IO-13 ACDA-19 DRC-01 /163 W

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FM AMEMBASSY REYKJAVIK

TO SECSTATE WASHDC PRIORITY 3973

INFO AMEMBASSY BONN

AMEMBASSY COPENHAGEN

AMEMBASSY LONDON PRIORITY

AMEMBASSY PARIS

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6. LUNS TOLD MCKENZIE THAT IF BRITISH PULLED FRIGATES OUT OF 50-MILE LIMIT HE WOULD PERSONALLY GUARANTEE IMMEDIATE RE-SUMPTION OF FISHERIES NEGOTIATIONS. MCKENZIE REMARKED LUNS WOULD NOT BE ABLE TO CARRY OUT THE GUARANTEE SINCE COMMUNIST FISHERIES MINISTER LUDVIK JOSEFSSON WOULD NOT PERMIT RESUMPTION OF NEGOTIATIONS UNDER ANY CONDITION OTHER THAN COMPLETE SURREN-DER OF BRITISH TO GOI TERMS. MCKENZIE REMARKED FURTHER THAT FON-MIN AGUSTSSON, IN CONFIDENCE, TOLD HIM THIS. MCKENZIE SAID FON-MIN ANDMAGNUS TORFI OLAFSSON, THE THIRD MINISTER IN THE GOI FISHERIES NEGOTIATIONS TROIKA, HAVE LONG BEEN WILLING TO ACCEPT BRITISH LATEST OFFER, BUT HAVE BEEN BLOCKED BY JOSEFSSON WHO SEEMS TO BE IN DE FACTO CONTROL OF GOVT ALONG WITH HIS COMMUNIST COLLEAGUE KJARTANSSON. THE LUNS CONVERSATION CONCLUDED WITH LUNS PREDICTING EXTREME DIFFICULTY FACING IDF RETENTION IF BRITIAN MAINTAINS ITS PRESENT ATTITUDE. CONFIDENTIAL

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7. DURING DINNER, I ASKED FONMIN AGUSTSSON FOR HIS REACTION TO LUNS' MISSION AND NATO REPORT. HE LABELED BOTH AS

"WORTHLESS" AND THE REPORT "PREDICTABLE." I ASKED HIM FOR THE BASIS OF HIS COMMENT, BUT AS IS USUALLY THE CASE, THE FONMIN WAS UNABLE TO CITE SPECIFIC OBJECTIONS. HE REMARKED, HOWEVER, THAT HE UNDERSTOOD CINCLANT ADMIRAL COUSINS MADE AN OUTSTANDING AND COGENT PRESENTATION TO NAC WHICH HE ALSO HAS IN HIS POSSESSION AND WHICH HE INTENDS TO ANALYZE OVER THE WEEKEND. HE SAID HE MIGHT WANT TO DISCUSS SOME OF IT WITH ME LATER (COMMENT: EMBASSY DOES NOT HAVE ADMIRAL COUSINS' REPORT AND ACCORDINGLY WOULD APPRECIATE COPY SOONEST).

8. DURING THE EVENING I ALSO HAD ABOUT A HALF HOUR CONVERSATION WITH KJARTANSSON. IN ADDITION TO REPEATING TO ME WHAT HE TOLD LUNS EARLIER IN THE DAY, HE RELATED TO ME WHY ICELAND NEED NEVER FEAR THE SOVIETS. HIS THESIS IS THAT YALTA PUT ICELAND IN U.S. SPHERE OF INFLUENCE WHICH SOVIETS RECOGNIZE, JUST AS "US RECOGNIZES CZECHOSLOVAKIA" AS BEING IN USSR SPHERE OF IN-FLUENCE. THE TWO SUPERPOWERS HAVE DIVIDED THE WORLD IN TWO AND NEITHER WILL INTERFERE IN THE OTHER'S SPHERE. HE CLAIMS TO BE AS OPPOSED TO THE WARSAW PACT AS HE IS TO NATO AND STATES THAT SMALL NATIONS MUST FORMULATE THEIR OWN POLICIES WITHOUT HAVING TO REPORT TO BLOCS OR SEEK THEIR APPROVAL. HE SAID THAT IF ICELAND LEFT NATO AND THE IDF WERE WITHDRAWN. THE SOVIETS WOULD BE HARD-PRESSED TO MAINTAIN TROOPS IN CZECHOSLOVAKIA. I ASKED HIM IF HE REALLY FELT CZECHOSLOVAKIA HAD THE SAME FREEDOM OF CHOICE TO LEAVE WARSAW PACT AS ICELAND HAS REGARDING NATO. HE SAID THAT ICELAND'S FUTURE LIES IN "MARXIAN SOCIALISM" AND THIS TRANSFORMATION WILL NEVER COME ABOUT AS LONG AS AMERICAN SOLDIERS "OCCUPY" ICELAND. HE CLAIMED THAT NO NATION CAN PROS-PER IF IT HAD FOREIGN TROOPS ON ITS SOIL. HE CITED AUSTRIA AS AN EXAMPLE AND CLAIMS UN SECGEN WALDHEIM AS HIS AUTHORITY FOR THIS. OUR CONVERSATION COVERED A WIDE RANGE OF FOREIGN POLICY EXTENDING BACK TO THE "TRUMAN DOCTRINE" TO VIETNAM AND THE MBFR IN EUROPE. I HAVE HAD THIS KIND OF DISCUSSION WITH KJARTANSSON ABOUT HALF DOZEN TIMES IN PAST 8 OR 9 MONTHS. I CONGRATULATED THE MINISTER AGAIN FOR AN UNUSUAL AND NOVEL VERSION OF HISTORY AND FOR HIS FERTILE IMAGINATION, BUT ALSO CAUTIONED HIM THAT HE WAS ENDANGERING THE SECURITY OF ICELAND AND THE CHANCES FOR REAL DETENTE IN EUROPE. WE AGREED TO CON-CONFIDENTIAL

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TINUE THE DIALOGUE AT A FUTURE DATE.

9. COMMENT: DR. LUNS EXPERIENCED WHAT EVERY VISITOR TO ICELAND FEELS UUPON ARRIVAL, NAMELY THE TENSION AND EMOTION OF THE ICELANDIC POLITICIANS AND PEOPLE BROUGHT ON BY THE PRESENCE OF THE BRITISH FRIGATES. LUNS EXPERIENCED THE SAME PUZZLEMENT AS OTHERS DO AS TO WHO RESPONSIBLE PERSONAGES INSIDE AND OUTSIDE THE GOVT. FAIL TO SEE THE UNFORTUNATE CONSEQUENCES TO ICELAND OF SSOCIATING THE DEFENSE ISSUE WITH THE FISHERIES DISPUTE AND THEIR INABILITY OR DESIRE TO DISASSOCIATE THE ISSUES FROM

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EACH OTHER. HE DEPARTED ICELAND FEELING THAT THERE IS REAL DAN- GER THAT IDF AND NATO MAY BE CASUALITIES OF THE "COD WAR." RVING	
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To: SECSTATE WASHDC BONN COPENHAGEN LONDON PARIS OSLO NATO CINCLANT

Type: TE
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